

**TOP SECRET**

18 February 1959

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# CENTRAL INTELLIGENCE BULLETIN



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[redacted]  
25X1 OK Soviet bloc - UAR: Each of the European satellites, with the exception of Albania, apparently will participate as a sub-contractor on specific projects in the construction of the first stage of the Aswan Dam. The satellites also are being awarded subcontracts for projects under the Soviet economic aid program in both the Egyptian and Syrian regions of the UAR.  
[redacted]

## II. ASIA-AFRICA

25X1 NO Laos: Laos is under strong pressure from Britain and France to retreat from its 11 February statement that it is no longer bound by the 1954 Geneva accords. Vientiane is drafting a statement that it does not intend either to embark on an aggressive military policy or to repress domestic Communists. Laos apparently intends to maintain its previously assumed position regarding the Geneva accords, however. [redacted]

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DAILY BRIEF

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Cyprus: (Greek Prime Minister Karamanlis fears that Archbishop Makarios may "torpedo" the London conference on Cyprus, [redacted] The British also express concern. Makarios reportedly has already balked over Britain's request for guarantees of base rights and would certainly oppose a transition period of about a year as envisaged by London. Makarios has the support of the Greek Cypriots and his opposition to the plan would make its implementation difficult.) [redacted]

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Tunisia: (The Tunisian Government probably will capitalize on popular feeling aroused by the 14 February attack by three Algeria-based French fighter planes in southwestern Tunisia to try to gain diplomatic advantages, such as reduction of the French Embassy staff and of French forces in Bizerte. President Bourguiba may recall his ambassador to Paris, as he did last year after the air attack on Sakiet Sidi Youssef, and may demand the recall of the French ambassador.) [redacted]

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### III. THE WEST

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Haiti: President Duvalier, whose regime appears near collapse even without the threatened Cuban-supported invasion, is quoted in the press as calling for the destruction of the capital city at the first sign of invasion. Officials of the Dominican Republic, meanwhile, have warned that they would consider an attack on Haiti as an attack on themselves.

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DAILY BRIEF

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European Satellites to Participate in Construction  
Of Egyptian High Dam

The Egyptian minister of public works last week met with economic officials of all the European satellites, except Albania, to explain the "task of the contractors who would be entrusted with implementing the first stage of the High Dam project" at Aswan.

The Soviet Union in October 1958 granted Cairo a \$100,000,-000 line of credit to be used in building the first stage of the dam. In addition, the USSR agreed in December to assume over-all direction of the construction of the first stage, providing the technical management as well as the necessary equipment and materials. The satellites probably will be subcontractors on specific projects.

The satellites, apparently under the auspices of the bloc's Council for Mutual Economic Assistance (CEMA), are also being awarded contracts to carry out various industrial and engineering projects called for under the \$175,000,000 Soviet economic aid program in Syria. Since the general credit agreements are between the USSR and the UAR, it is probable that Cairo will make its payments to the USSR. The USSR, on the other hand, probably will settle its obligations with the ultimate satellite supplier over a less extended period of time, through existing clearing agreements, thus limiting the financial burden on the satellites.

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## II. ASIA-AFRICA

Laos Under Pressure to Retreat From Denunciation of Geneva Accords

{Laos is under strong British and French pressure to retreat from its 11 February statement that it is no longer bound by the provisions of the 1954 Geneva accords. Laotian Foreign Minister Khamphan Panya is drafting a communiqué containing assurances that Laos does not intend either to embark on an aggressive military policy or to repress domestic Communists. This statement, intended to clarify rather than repudiate Laos' position, will presumably not allay British and French fears of new tension in the Indochina area and of Communist exploitation of the issue.}

{Communist propaganda continues to argue that the Geneva accords remain binding on Laos until a political settlement has been reached in Vietnam. Peiping and Hanoi attribute Laos' action to US pressure aimed at clearing the way for Laos' entrance into SEATO. They can be expected to appeal to India and the Geneva cochairmen--Britain and the USSR--to reconvene the International Control Commission in Laos. In this effort they will probably attempt to exploit the present differences between the US position and that of the UK and France on this issue.}

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Tunisian Relations With France Continue to Worsen

[Anti-French feeling in Tunisia, stimulated by two recent border violations and the discovery of a French espionage network, probably will continue to mount. The Tunisian Government has protested both border violations and may even be tacitly encouraging this feeling. Following the shelling of a Tunisian village west of Kasserine on 8 February, Algeria-based French fighter planes on 14 February strafed a locust-control team near Nefta in southern Tunisia. The French high command in Algeria "categorically" denied that the attack occurred, adding that no air mission was carried out at the time in that area.]

[Although incidents, including fatalities, are not uncommon along the Algerian-Tunisian border, they usually are soft-pedaled by the Tunisian Government. However, deteriorating relations with France may have persuaded Tunisia that it might gain by drawing international attention to its security problem relative to the Algerian rebellion. Moreover, the Algerian rebel government, which last month transferred many functions from Cairo to Tunis, may be pressing the Tunisians to take a firmer line with France.]

[President Bourguiba now may recall his ambassador to Paris, as he did after the bombing of Sakiet Sidi Youssef last year, and demand the recall of the French ambassador. He may also use the recent developments to gain other concessions such as reducing the staff of the French Embassy--now numbering 650 persons--and French forces--now totaling some 20,000 army, navy, and air force personnel--at Bizerte. He has already hinted that France may have to evacuate Bizerte if the Algerian conflict is not settled by 17 June. Tunis probably will continue to press for more Western arms to build its present 6,000-man army to 20,000 men as quickly as possible.]

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### III. THE WEST

#### Tension Mounting in Haiti

Broadcasts from Cuba by Haitian opposition leader Dejoie are having a devastating effect in Haiti, and tension in the capital is bordering on panic. Inflammatory statements attributed by the Haitian press to Duvalier quote approvingly an early nineteenth century Haitian tyrant who ordered his followers to "lop off heads, burn the houses," when he was faced with attack. Duvalier is said to have called for the destruction of Port-au-Prince at the first sign of an invasion and warned that invaders would be met with "total revolution" and would find the cities completely destroyed.

Duvalier can depend only on his hated secret police for support. The army lacks sufficient weapons and has been weakened by repeated purges. However, neither Dejoie nor any of his rivals among the opposition leaders is believed capable of quickly consolidating any new government. Duvalier's fall might well lead to a state of anarchy such as preceded the US occupation in 1915.

The Dominican Government, realizing that the seizure of power in Haiti by pro-Castro elements would be the first step in Castro's well-publicized campaign to oust Trujillo, is so concerned that it might react to rebel invasion of Haiti by military intervention there. The Dominican foreign minister warned the US Embassy on 10 February that his government would consider an attack on Haiti as an attack on itself.

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